

HelpMeSee, Inc.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2020

HelpMeSee, Inc.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
HelpMeSee, Inc.
New York, New York**

We have audited the accompanying consolidated financial statements of HelpMeSee, Inc. (the “*Organization*”), which comprise the consolidated statements of financial position as of December 31, 2020 and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HelpMeSee, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2019 consolidated financial statements, and our report dated May 22, 2020, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
May 5, 2021

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 13,165,581	\$ 14,469,784
Accounts receivable	32,212	11,648
Pledges receivable <i>(Note 2)</i>	11,149	17,500
Prepaid expenses and other assets	231,560	268,633
Inventory	41,342	19,072
Furniture, equipment and capital expenses, net <i>(Note 3)</i>	<u>7,687,276</u>	<u>6,916,928</u>
Total assets	<u>\$ 21,169,120</u>	<u>\$ 21,703,565</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts and accrued expenses payable	\$ 969,342	\$ 1,729,046
Refundable advance <i>(Note 9)</i>	<u>425,210</u>	<u>-</u>
Total liabilities	<u>1,394,552</u>	<u>1,729,046</u>
NET ASSETS		
Without donor restrictions	11,228,757	8,118,772
With donor restrictions <i>(Note 4)</i>	<u>8,545,811</u>	<u>11,855,747</u>
Total net assets	<u>19,774,568</u>	<u>19,974,519</u>
Total liabilities and net assets	<u>\$ 21,169,120</u>	<u>\$ 21,703,565</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2020 With Summarized Information For 2019

	Without Donor Restrictions	With Donor Restrictions	TOTALS	
			2020	2019
PUBLIC SUPPORT				
Individuals (<i>Note 5</i>)	\$ 1,295,686	\$ 110,411	\$ 1,406,097	\$ 2,078,169
Corporations	450	-	450	58,395
Foundations (<i>Note 5</i>)	9,255,152	25,000	9,280,152	9,765,785
Bequests	-	-	-	140,039
In-Kind contributions	4,000	-	4,000	8,130
Investment income	1,826	31,998	33,824	183,284
Other income	-	-	-	16,619
Net assets released from restriction (<i>Note 4</i>)	<u>3,477,345</u>	<u>(3,477,345)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>14,034,459</u>	<u>(3,309,936)</u>	<u>10,724,523</u>	<u>12,250,421</u>
EXPENSES				
Program services				
Training Cataract specialists and supporting practice readiness	10,748,598	-	10,748,598	8,072,826
Public awareness	<u>409,843</u>	<u>-</u>	<u>409,843</u>	<u>627,048</u>
Total program services	<u>11,158,441</u>	<u>-</u>	<u>11,158,441</u>	<u>8,699,874</u>
Supporting services				
Management and general	715,302	-	715,302	711,611
Fundraising	<u>760,488</u>	<u>-</u>	<u>760,488</u>	<u>1,404,255</u>
Total supporting services	<u>1,475,790</u>	<u>-</u>	<u>1,475,790</u>	<u>2,115,866</u>
Total expenses	<u>12,634,231</u>	<u>-</u>	<u>12,634,231</u>	<u>10,815,740</u>
Surplus/(deficit) of revenue over expenses	1,400,225	(3,309,936)	(1,909,708)	1,434,681
OTHER CHANGES				
Litigation settlement (<i>Note 7</i>)	1,787,100	-	1,787,100	4,886,641
Litigation trust net expenditures (<i>Note 7</i>)	(68,921)	-	(68,921)	(653,231)
Foreign currency loss	<u>(8,422)</u>	<u>-</u>	<u>(8,422)</u>	<u>(66,665)</u>
Change in net assets	3,109,985	(3,309,936)	(199,951)	5,601,426
NET ASSETS				
Beginning of year	<u>8,118,772</u>	<u>11,855,747</u>	<u>19,974,519</u>	<u>14,373,093</u>
End of year	<u>\$ 11,228,757</u>	<u>\$ 8,545,811</u>	<u>\$ 19,774,568</u>	<u>\$ 19,974,519</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	<u>Training Cataract Specialists And Supporting Practice Readiness</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2020 Total Expense</u>
Salaries	\$ 2,570,265	\$ 266,847	\$ 2,837,112	\$ 282,550	\$ 442,314	\$ 3,561,976
Benefits and related payroll expenses	<u>449,710</u>	<u>46,689</u>	<u>496,399</u>	<u>49,437</u>	<u>77,390</u>	<u>623,226</u>
Total salaries and related costs	3,019,975	313,536	3,333,511	331,987	519,704	4,185,202
Program grants/costs						
Surgeries and surgical kits	19,072	-	19,072	-	-	19,072
Simulator Development	3,137,379	-	3,137,379	-	-	3,137,379
Professional services	2,008,015	2,400	2,010,415	225,102	50,895	2,286,412
Printing and postage	7,302	-	7,302	552	21,666	29,520
Travel and meetings	127,387	4,381	131,768	3,270	7,210	142,248
Office expenses	593,763	35,022	628,785	101,571	51,988	782,344
Advertising and promotion	-	12,666	12,666	-	3,166	15,832
IT and Web	469,828	37,891	507,719	37,915	75,484	621,118
Depreciation expense	1,250,023	-	1,250,023	4,290	4,290	1,258,603
Miscellaneous expense	<u>115,854</u>	<u>3,947</u>	<u>119,801</u>	<u>10,615</u>	<u>26,085</u>	<u>156,501</u>
Total expenses	<u>\$ 10,748,598</u>	<u>\$ 409,843</u>	<u>\$ 11,158,441</u>	<u>\$ 715,302</u>	<u>\$ 760,488</u>	<u>\$ 12,634,231</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	<u>Training Cataract Specialists And Supporting Practice Readiness</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2019 Total Expense</u>
Salaries	\$ 2,459,896	\$ 341,586	\$ 2,801,482	\$ 406,506	\$ 532,914	\$ 3,740,902
Benefits and related payroll expenses	<u>450,378</u>	<u>62,540</u>	<u>512,918</u>	<u>74,427</u>	<u>97,570</u>	<u>684,915</u>
Total salaries and related costs	2,910,274	404,126	3,314,400	480,933	630,484	4,425,817
Program grants/costs						
Surgeries and surgical kits	288,922	-	288,922	-	-	288,922
Simulator Development	1,872,157	-	1,872,157	-	-	1,872,157
Professional services	1,658,788	22,980	1,681,768	119,694	213,442	2,014,904
Printing and postage	8,824	2,600	11,424	196	272,861	284,481
Travel and meetings	308,875	62,437	371,312	6,153	34,845	412,310
Office expenses	577,067	53,000	630,067	41,399	81,211	752,677
Advertising and promotion	-	3,960	3,960	-	6,426	10,386
IT and Web	297,173	45,373	342,546	48,917	121,673	513,136
Depreciation expense	40,097	2,915	43,012	4,188	7,080	54,280
Miscellaneous expense	<u>110,649</u>	<u>29,657</u>	<u>140,306</u>	<u>10,131</u>	<u>36,233</u>	<u>186,670</u>
Total expenses	<u>\$ 8,072,826</u>	<u>\$ 627,048</u>	<u>\$ 8,699,874</u>	<u>\$ 711,611</u>	<u>\$ 1,404,255</u>	<u>\$ 10,815,740</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (199,951)	\$ 5,601,426
<i>Adjustments to reconcile change in net assets to Net cash provided by (used for) operating activities:</i>		
Depreciation	1,258,603	54,279
Contributed fixed assets	(1,787,100)	(2,680,650)
(Increase)/decrease in assets:		
Accounts receivable	(20,564)	(1,188)
Pledges receivable	6,351	20,500
Prepaid expenses and other assets	37,073	41,933
Inventory	(22,270)	282,117
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(759,704)	(1,364,585)
Refundable Advance	<u>425,210</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>(1,062,352)</u>	<u>1,953,832</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture, equipment and capital expenses	<u>(241,851)</u>	<u>(331,894)</u>
Net cash used for investment activities	<u>(241,851)</u>	<u>(331,894)</u>
Net increase (decrease) in cash and cash equivalents	(1,304,203)	1,621,938
CASH		
Beginning of year	<u>14,469,784</u>	<u>12,847,846</u>
End of year	<u>\$ 13,165,581</u>	<u>\$ 14,469,784</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 And 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

HelpMeSee, Inc., (the “*Organization*”) is a global campaign to eliminate blindness caused by untreated cataracts. Twenty million people living in the developing world are blind for two basic reasons:

1. They have no access to highly trained cataract specialists where they live. In many countries, there is as few as one ophthalmologist per one million people.
2. They are extremely poor, earning just \$1 or \$2 per day when they are employed, so they cannot afford treatment even if it were available.

The centerpiece of the HelpMeSee strategy is to increase surgical access by training thousands of highly skilled cataract specialists to perform Manual Small Incision Cataract Surgery (MSICS). This operation is a quick (as little as 5 minutes for adults and 15 minutes for children), highly effective, and very low cost lens replacement procedure with results comparable to more expensive procedures practiced in the developed world.

It is HelpMeSee’s intention to train approximately 30,000 MSICS specialists to perform 60 million surgeries in 20 years. HelpMeSee’s specific goals are:

- Train cataract specialists (the majority of whom will be women) to perform a single standardized surgical procedure (MSICS) with high skill and at the lowest possible cost.
- Achieve the largest possible scale by utilizing highly standardized training methods and equipment, including very high fidelity virtual reality simulators, courseware, and methods adapted from commercial aviation pilot training.
- Conduct the training in the developing countries to those individuals who are willing and eager to serve the poor living in remote communities.
- Select and train applicants capable of successfully completing the instructional training to a high standard, which is objectively measured.
- Continuously improve quality of MSICS care, through applied research, refinement of surgical steps, and pre-sterilized single use surgical kits.
- Achieve the best standards of quality of surgical care, infection control and patient safety.
- Mobilize financial, material and volunteer resources to achieve sustainable funding solutions for the elimination of blindness caused by cataracts worldwide through private and public partnerships on behalf of the poor at the lowest possible cost.
- Pay surgical partners promptly for high quality cataract surgeries provided to the poor upon submission of specific, detailed and verifiable documentation for each completed procedure. Maintain transparent accounting of funds used and results achieved.
- Provide educational, technical, and financial support when necessary including loans to graduates so they may establish “best practice” business and surgical management systems specific to their practice locale in order to deliver high volume and high quality cataract surgeries, which are patient-centered.
- Establish a web and cloud based electronic surgical report system for surgical quality assurance, and monitoring and evaluation of outcomes for every graduate, surgical partner and patient.
- Develop proactive surgical eye-care policies with country governments and local insurance providers to include MSICS as essential surgery within the primary healthcare delivery.

HelpMeSee, based out of New York, has two international offices: China and India. The operations of these offices are included in the financial statements.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

BASIS OF PRESENTATION

The financial statements include the accounts of the Organization; its branch offices in China and India, and its controlled organizations (through the Board of Directors and economic interest) in Hong Kong, India and the Netherlands.

The financial statements are presented in U.S. dollars. The financial records of these branch offices and controlled organizations are kept in local currencies. Assets, liabilities and net assets are translated at year-end rates of exchange and revenue and expenses are translated using the month end exchange rates supplied by an independent source. Significant intercompany transactions have been eliminated in the consolidation.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

INVENTORY

Inventory, which consists of MSICS surgical kits, is carried at the lower of cost or market, using the first-in, first-out valuation method.

FIXED ASSETS AND CAPITAL EXPENSES

Fixed assets are recorded at cost. Equipment is capitalized, while maintenance and repairs are expensed when incurred. The Organization provides depreciation on furniture, fixtures and equipment by the straight-line method at rates calculated using the estimated useful lives of the respective depreciable assets, generally three to seven years. Capital expenses represent the research and development costs of a prototype virtual reality simulator and are expensed as incurred. Development of coursework, Manual Small Incision Cataract Surgery, is capitalized at cost.

REVENUE RECOGNITION

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

Contributions and promises to give are considered available for general use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts-in-kind are recorded at fair value on the date of receipt.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

NET ASSETS

The Organization's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Organization. Net assets without donor restrictions consist of assets for general operations.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and pledges. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, IT and Web and depreciation. These expenses are allocated based on analysis of time and effort and other factors determined by management.

INCOME TAXES

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Management has reviewed the tax positions for the open tax years 2017 - 2019 or expected to be taken on the Organization's 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

ACCOUNTING PRONOUNCEMENTS – NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Organization plans to adopt the new ASU at the required implementation date.

(2) PLEDGES RECEIVABLE

Pledges receivable are due as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in one year	\$ 6,149	\$ 11,500
Receivable in one to five years	4,000	4,000
Receivable in five to ten years	<u>1,000</u>	<u>2,000</u>
Total pledges receivable	<u>\$ 11,149</u>	<u>\$ 17,500</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(3) FURNITURE, EQUIPMENT AND CAPITAL EXPENSES

At December 31, 2020 and 2019, furniture and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Office furniture	\$ 37,192	\$ 32,703
Office equipment	128,211	131,432
Leasehold improvements	272,028	285,235
Simulators	6,053,225	4,379,100
Computers	<u>70,123</u>	<u>61,190</u>
	6,560,779	4,889,660
Less: accumulated depreciation and amortization	<u>1,594,615</u>	<u>382,312</u>
	<u>4,966,164</u>	<u>4,507,348</u>
Development		
Courseware	<u>2,721,112</u>	<u>2,409,580</u>
	<u>2,721,112</u>	<u>2,409,580</u>
	<u>\$7,687,276</u>	<u>\$6,916,928</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$1,258,603 and \$54,279, respectively.

Courseware continues to be developed and as such, has not been depreciated. It is expected the use of these assets will begin in 2021.

In connection with the settlement of litigation with the lead contractor on the development effort of the simulator in 2020 and 2019, the Organization received 12 simulators valued at \$1,787,100 and 18 simulators valued at \$2,680,650, respectively (See Note 7).

The Organization is developing a virtual reality simulator and courseware to train cataract specialist in Manual Small Incision Cataract Surgery (MSICS). The design calls to achieve a level of realism that is virtually indistinguishable from live surgery performed by an experienced surgeon. This will replace traditional MSICS training with simulator based proficiency training rather than using it as an adjunct to live training. The Organization is applying the aviation FAA level D simulator standard both as a quality standard and as a template for developing the simulator. The various component technologies required for simulation that meets the Organizations goals are:

- Haptic
- Large incision, topological changes
- Tissue/tool collision
- Deformation
- Force calculation

Proficiency level of training of cataract surgeons is accomplished with Instructor Based Training (IBT), Computer Based Training (CBT) and Simulator Based Training (SBT) instructional curriculum and learning management systems. The Organization has successfully developed proof of concept models of the Eye Surgical Simulator for Cataract. Based on relative merits of the models and cost considerations the chosen concept will go into further development and production. Physics based model of the eye developed with extensive data gathered during live cataract surgeries is used as the foundation of the HelpMeSee Eye Surgical Simulator for Cataract.

Research and development costs related to the design, development and full production of the prototype model are being expensed as incurred. Research and development costs of \$3,137,379 and \$1,872,157 were expensed in 2020 and 2019, respectively.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(4) NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a special purpose:		
Cataract surgeries	\$ 5,188,640	\$ 5,051,944
Patient database	333,004	337,186
Simulator Development Projects	-	3,005,332
Training	<u>3,024,167</u>	<u>3,451,285</u>
	<u>8,545,811</u>	<u>11,845,747</u>
Subject to the passage of time:		
Time Restricted	<u>-</u>	<u>10,000</u>
Total	<u>\$ 8,545,811</u>	<u>\$ 11,855,747</u>

Net assets included above and related to the litigation award including interest income amounted to \$6,690,850 and \$10,059,012 at December 31, 2020 and December 31, 2019, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2020:

	<u>2020</u>
Cataract surgeries	\$ 19,072
Training	48,115
Litigation Award Funds	
Simulator Development Projects	2,981,212
Patient database	5,280
Training	<u>413,666</u>
	3,467,345
Time Restricted	<u>10,000</u>
Total	<u>\$ 3,477,345</u>

(5) CONTRIBUTIONS

For the years ended December 31, 2020 and 2019, the Organization received contributions from two foundations and individual connected to one of the foundations in the amount of \$9,993,882 and \$10,703,078, respectively, which represents 93% and 87% respectively of the Organization's total revenue.

(6) LEASE COMMITMENTS

The Organization has leases for office space, which expire through February 2022, for its New York, Hong Kong, China and India offices.

Rent expense for the years ended December 31, 2020 and 2019 was \$465,305 and \$564,662, respectively.

Future minimum rental commitments under these leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 401,000
2022	<u>53,000</u>
	<u>\$ 454,000</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(7) LITIGATION

On April 18, 2019, the Organization signed a settlement agreement to terminate its development agreement with MOOG BV (“MOOG”), the lead contractor on the Organizations simulator development project and assumed control of the simulator software development effort. As part of the settlement agreement, MOOG transferred ownership of 12 simulators in fiscal 2020 and 18 simulators in fiscal 2019 at no cost to the Organization, which were subsequently valued at \$1,787,100 and \$2,680,650, respectively, and is included in the litigation settlement. Additionally, outstanding invoices due to MOOG of \$1,525,225 were forgiven and a cash settlement payment of \$680,766 was received by the Organization in 2019. The total amount of the MOOG settlement is included under “Other Changes” in the Consolidated Statement of Activities and Changes in Net Assets.

In connection with the litigation with Wonder Work, Inc. (f/k/a Surgery for the Poor, Inc., hereinafter “Wonderwork”), the Organization was awarded \$16,054,348 which consisted of attorney fees and costs. Wonderwork filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code before the U.S. Bankruptcy Court for the Southern District of New York. In 2018, as a final settlement with the Organization, the Trustee of the Wonderwork bankruptcy approved \$10,073,193 of restricted funds, based upon a proposal submitted by the Organization for the planned disbursement of such restricted funds. In the Organization’s proposal, expenditure of the restricted funds is planned over a five-year period.

In connection with the final settlement, the Organization and other creditors established a litigation trust (“Trust”) to commence action against other parties involved with Wonderwork and its bankruptcy including the former president, Board of Directors and its auditors. The Organization holds a 99% membership in this Trust. The Organization recorded net expenditures of \$68,921 and \$653,231 in connection with the Trust for the years ended December 31, 2020 and 2019, respectively. These amounts are included under “Other Changes” in the Consolidated Statement of Activities and Changes in Net Assets

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in an interest bearing cash account. As part of the Organization’s liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the Organization’s financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contracted restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

Financial Assets	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$13,165,581	\$14,469,784
Accounts receivable	32,212	11,648
Pledges receivable	<u>11,149</u>	<u>17,500</u>
	13,208,942	14,498,932
Less: Restricted net assets not to be expended within one year	<u>7,285,291</u>	<u>11,265,914</u>
Total financial assets available within one year	<u>\$ 5,923,651</u>	<u>\$ 3,233,018</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(9) COVID-19 AND REFUNDABLE ADVANCE/PAYROLL PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak will affect virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Organization’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

On May 5, 2020, the Organization received a \$425,210 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program (the “PPP Loan”). The Organization considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness. The Organization considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, will recognize contribution income when these conditions are substantially met. If such conditions are not met, the Organization is required to repay the PPP Loan in two years from the date of the agreement at a 1% annual interest rate.

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 5, 2021 have been evaluated in the preparation of the financial statements.

On February 10, 2021, the Organization received a \$444,655 Paycheck Protection Program Second Draw Loan (“PPP Second Draw Loan”) under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if the Organization incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%.